

CITY OF GRANITE CITY, ILLINOIS
BASIC FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

APRIL 30, 2009

Prepared By:
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City of Granite City, Illinois

CITY OF GRANITE CITY, ILLINOIS
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Granite City, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Granite City, Illinois as of and for the year ended April 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Granite City, Illinois' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Granite City, Illinois, as of April 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis (pages 2 to 6), budgetary comparison information (pages 40 to 42) and schedules of funding progress and employer contributions (pages 43 to 44) are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Granite City, Illinois' basic financial statements. The combining nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also a required part of the basic financial statements of the City of Granite City, Illinois. The combining nonmajor fund financial statements and schedule of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Hughes & Associates, CPA, P.C.

Hughes & Associates, CPA, P.C.
December 17, 2009

CITY OF GRANITE CITY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

This section of the City of Granite City's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended April 30, 2009. Please read it in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the City of Granite City exceeded its liabilities at the close of the most recent fiscal year by \$40.8 million. Of this amount, \$6 million is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditor's.
- The City's total net assets increased by \$2.8 million.
- At the close of the current fiscal year, the City of Granite City's governmental funds reported combined ending fund balances of \$18,717,590. Approximately \$6.4 million is available for spending at the City's discretion.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$6,430,757 or 27% of total general fund expenditures.
- In the City's business-type activities, expenses exceeded revenues and net assets decreased by \$741,917.
- The City continued land acquisition and engineering work to the Pontoon Road overpass project.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: 1) management's discussion and analysis (this section), 2) the basic financial statements, 3) required supplementary information, and 4) an optional section that presents combining statements for nonmajor governmental funds and other information helpful in understanding the finances of the City of Granite City.

The first two statements in the report are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.

The government-wide financial statements distinguish functions of the City of Granite City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-like activities). The governmental activities include general government, public safety and public works. The business-type activities are comprised of the wastewater treatment plant fund.

The government-wide financial statements can be found on pages 7 and 8 of this report.

Fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. Types of funds include governmental, proprietary and fiduciary.

Governmental fund statements tell how general government services like public safety were financed in the short term as well as what remains for future spending. The City of Granite City maintains seven individual governmental funds; three are considered to be major funds: the general fund, the motor fuel tax fund and the TIF (tax increment financing) fund. Information on major funds is presented separately; data from the other four funds is combined and included in "Other Governmental Funds". Governmental fund statements can be found on pages 9 and 11 of this report. Individual data for the "other governmental funds" is provided in the form of combining statements on pages 45 and 46 of this report.

Proprietary fund statements offer short and long-term financial information about the activities the City operates like businesses. For the City of Granite City, the wastewater treatment plant fund is the proprietary fund. The basic financial statements for this fund can be found on pages 13 to 15 of this report.

CITY OF GRANITE CITY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Fiduciary fund statements provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others, such as the police and firemen pension funds. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's programs. The basic fiduciary fund statements can be found on pages 16 and 17 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Assets

Over time, net assets may serve as a useful indicator of a government's financial position. At April 30, 2009, the City of Granite City's assets exceeded liabilities (net assets) by \$40 million.

Approximately 68% of the City of Granite City's net assets reflect its investment in capital assets (e.g., land, building, machinery, and equipment), less any related debt that is still outstanding. The City of Granite City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Granite City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Granite City's net assets (18 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations to citizens and creditors.

City of Granite City's Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Current and Other Assets	\$ 29,173,011	\$ 20,990,334	\$ 5,531,441	\$ 7,998,958
Capital Assets	30,309,520	19,781,150	14,527,801	12,856,726
Total Assets	<u>59,482,531</u>	<u>40,771,484</u>	<u>20,059,242</u>	<u>20,855,684</u>
Long-Term Liabilities Outstanding	20,130,211	7,941,544	3,891,239	4,325,198
Other Liabilities	13,367,090	10,377,196	1,337,399	957,965
Total Liabilities	<u>33,497,301</u>	<u>18,318,740</u>	<u>5,228,638</u>	<u>5,283,163</u>
Net Assets:				
Invested in Capital Assets, Net				
of Related Debt	19,226,147	18,900,995	8,463,168	8,137,157
Restricted	7,044,510	4,583,069	-	-
Unrestricted	(285,427)	(1,031,320)	6,367,436	7,435,364
Total Net Assets	<u>\$ 25,985,230</u>	<u>\$ 22,452,744</u>	<u>\$ 14,830,604</u>	<u>\$ 15,572,521</u>

At the end of the current fiscal year, the City of Granite City was able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

CITY OF GRANITE CITY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Changes in Net Assets

Governmental activities increased the City of Granite City's net assets by \$3,532,486. Revenues and transfers in the governmental activities were \$33,620,857 with the largest amounts coming from property taxes, \$8,309,720, sales and use taxes, \$3,767,704 and home rule sales tax \$2,603,475. Total expenditures in the governmental activities were \$30,088,371; with the largest percentage being spent on public safety \$16,264,066. The business-type activities had a decrease of \$741,917. This represents expenditures over revenues in the wastewater treatment plant fund. Operating revenues decreased by \$339,397 to \$5,617,256 with operating expenses increasing by \$247,923 to \$6,452,486.

A breakdown of the governmental activities revenues is as follows:

	<u>2009</u>	<u>2008</u>
Property Tax	\$ 8,309,720	\$ 8,053,291
Sales and Use Tax	3,767,704	3,696,358
Home Rule Sales Tax	2,603,475	2,659,118
Operating Grants and Contributions	1,631,600	1,287,388
Charges for Services	3,016,129	3,030,988
Replacement Tax	2,896,408	3,163,307
State Income Tax	2,756,540	2,949,066
Capital Grants and Contributions	5,791,428	3,956,807
Motor Fuel Tax	741,867	873,853
Telecommunications Tax	884,772	885,134
Miscellaneous	498,355	479,575
Investment Earnings	318,005	409,306
Other State and Local Taxes	404,854	14,454
	<u>\$ 33,620,857</u>	<u>\$ 31,458,645</u>

The following is a breakdown of the governmental activities expenses:

	<u>2009</u>	<u>2008</u>
General Government	\$ 5,572,616	\$ 5,588,709
Public Safety	16,264,066	15,551,127
Public Works	7,809,959	9,148,140
Interest on Long-Term Debt	441,730	35,481
	<u>\$ 30,088,371</u>	<u>\$ 30,323,457</u>

FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

As of the end of the current fiscal year, the City of Granite City's governmental funds reported combined ending fund balances of \$18,717,590, an increase of \$5,229,503 in comparison with the prior year. The increase is primarily due to the borrowing by the City of which \$5,608,420 was still available for expenditure at April 30, 2009. The City again spent a significant amount of money for land purchases and engineering work related to the Pontoon Road overpass. These improvements are being reimbursed with monies from the State that is being deposited into the motor fuel tax fund. The City also expended significant for improvements to the fire and police station, the youth center and cinema. The downtown TIF bond issue financed these expenditures.

The general fund is the chief operating fund of the City of Granite City. For the year ended April 30, 2009, the City's general fund had a decrease in fund balance of \$734,826. At the end of the current fiscal year, unreserved fund balance in the general fund was \$6,430,757, representing 27 percent of total general fund expenditures. This is less than the approximately 31 percent in the prior year.

CITY OF GRANITE CITY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund spent approximately \$23,392,846 in fiscal year 2009 under the budgetary basis of accounting. This amount was more than the City's budgeted expenses of approximately \$22,750,926. In addition, current year receipts were approximately \$21,805,840, which was short of budgeted amounts by \$1,678,347. This resulted in a deficit of \$2,320,267 in the General Fund using the budgetary basis of accounting.

CAPITAL ASSETS

The City of Granite City's investment in capital assets for its governmental and business-type activities as of April 30, 2009 amounts to \$27,689,315 (net of related debt and accumulated depreciation). This investment in capital assets included land, buildings and system improvements, and machinery and equipment.

Major capital asset events during the current fiscal year included the following:

Pontoon Road Overpass	\$ 6,096,024
Police & Fire Building Renovations	2,931,360
Vehicles	106,166
Fire Truck	362,007
Downtown Cinema	275,854
Radio System	347,324
Law Enforcement Software	297,204
SWAT Truck	117,817
Generators	121,629
Other Additions	<u>642,676</u>
Total	<u>\$ 11,298,061</u>

LONG-TERM DEBT

During the current fiscal year the TIF #1, the Downtown TIF, issued \$9,780,000 of Local Government Revenue Bonds, which are payable from the incremental revenue of the Downtown Tax Increment Financing District. The proceeds of the bond are to be used to finance redevelopment projects in the District. At April 30, 2009, \$5,608,420 was still available for expenditure in the district.

Also, during the current fiscal year the city borrowed \$405,741 through lease purchase transactions to finance the acquisition of vehicles and law enforcement software and \$297,007 from Madison County Community Development for assistance in the purchase of a fire truck.

The City paid \$397,373 of principal on the sewer departments IEPA during the year. The balance in the two loans was \$4,104,375 at April 30, 2009.

The City also paid down \$279,529 of principal on various smaller debt obligations. The balance in these obligations, including the current year additions, was \$1,303,373 at April 30, 2009.

The City's unfunded police and fire pension obligations increased \$2,196,126 during the year ended April 30, 2009.

In addition, the City's obligation for compensated employee absences decreased \$28,587 in the sewer funds and increased \$196,280 in the general funds.

CITY OF GRANITE CITY, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Granite City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Comptroller's Office, 2000 Edison Avenue, Granite City, IL 62040.

CITY OF GRANITE CITY, ILLINOIS
STATEMENT OF NET ASSETS
APRIL 30, 2009

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 2,669,499	\$ 784,000	\$ 3,453,499
Certificates of Deposit	2,468,500	2,445,560	4,914,060
Restricted Investments	7,044,510	-	7,044,510
Investments	2,926,742	1,095,952	4,022,694
Receivables (Net of Allowance for Uncollectibles)	12,164,454	1,136,019	13,300,473
Internal Advances to Other Funds	165,893	-	165,893
Prepaid Expenses and Deposits	138,053	69,910	207,963
Total Current Assets	<u>27,577,651</u>	<u>5,531,441</u>	<u>33,109,092</u>
Noncurrent Assets:			
Bond Issuance Cost and Discount (Net of Accumulated Amortization)	321,338	-	321,338
General Real Estate Investment	1,274,022	-	1,274,022
Capital Assets (Net of Accumulated Depreciation)	<u>30,309,520</u>	<u>14,527,801</u>	<u>44,837,321</u>
Total Noncurrent Assets	<u>31,904,880</u>	<u>14,527,801</u>	<u>46,432,681</u>
Total Assets	<u>59,482,531</u>	<u>20,059,242</u>	<u>79,541,773</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	3,198,488	737,876	3,936,364
Accrued Employee Obligations	550,182	-	550,182
Accrued Vacation Leave	586,096	92,859	678,955
Accrued Interest Payable	306,126	25,602	331,728
Due to Other Funds	91,933	73,960	165,893
Other Accrued Obligations	22,760	-	22,760
Deferred Real Estate Taxes	8,001,336	-	8,001,336
Notes Payable - Current Portion	610,169	407,102	1,017,271
Total Current Liabilities	<u>13,367,090</u>	<u>1,337,399</u>	<u>14,704,489</u>
Noncurrent Liabilities:			
Notes Payable - Noncurrent Portion	10,473,204	3,697,273	14,170,477
Accrued Sick Leave	2,237,469	193,966	2,431,435
Net Pension Obligation	<u>7,419,538</u>	<u>-</u>	<u>7,419,538</u>
Total Noncurrent Liabilities	<u>20,130,211</u>	<u>3,891,239</u>	<u>24,021,450</u>
Total Liabilities	<u>33,497,301</u>	<u>5,228,638</u>	<u>38,725,939</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	19,226,147	8,463,168	27,689,315
Restricted for:			
Debt Service	1,436,090	-	1,436,090
Redevelopment	5,608,420	-	5,608,420
Unrestricted:	<u>(285,427)</u>	<u>6,367,436</u>	<u>6,082,009</u>
Total Net Assets	<u>\$ 25,985,230</u>	<u>\$ 14,830,604</u>	<u>\$ 40,815,834</u>

See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS
STATEMENT OF ACTIVITIES
YEAR ENDED APRIL 30, 2009

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 5,572,616	\$ 1,495,419	\$ 24,779	\$ -	\$ (4,052,418)	\$ -	\$ (4,052,418)
Public Safety	16,264,066	1,000,241	319,635	306,827	(14,637,363)	-	(14,637,363)
Public Works	7,809,959	520,469	1,287,186	5,484,601	(517,703)	-	(517,703)
Interest on Long-Term Debt	441,730	-	-	-	(441,730)	-	(441,730)
Total Governmental Activities	30,088,371	3,016,129	1,631,600	5,791,428	(19,649,214)	-	(19,649,214)
Business-Type Activities:							
Wastewater	6,452,486	5,617,256	-	-	-	(835,230)	(835,230)
Total Business-Type Activities	6,452,486	5,617,256	-	-	-	(835,230)	(835,230)
Total	\$ 36,540,857	\$ 8,633,385	\$ 1,631,600	\$ 5,791,428	(19,649,214)	(835,230)	(20,484,444)
General Revenues:							
Property Tax, Levied for General Purposes					8,309,720	-	8,309,720
Home Rule Sales Tax					2,603,475	-	2,603,475
Sales and Use Tax					3,767,704	-	3,767,704
Replacement Tax					2,896,408	-	2,896,408
State Income Tax					2,756,540	-	2,756,540
Motor Fuel Tax					741,867	-	741,867
Telecommunications Tax					884,772	-	884,772
Other State and Local Taxes					404,854	-	404,854
Investment Earnings					318,005	93,313	411,318
Miscellaneous					498,355	-	498,355
Total General Revenues and Transfers					23,181,700	93,313	23,275,013
Change in Net Assets					3,532,486	(741,917)	2,790,569
Net Assets - Beginning					22,452,744	15,572,521	38,025,265
Net Assets - Ending					\$ 25,985,230	\$ 14,830,604	\$ 40,815,834

See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS
BALANCE SHEET - GOVERNMENTAL FUNDS
APRIL 30, 2009

	<u>General</u>	<u>Motor</u>	<u>Tax Increment</u>	<u>Other</u>	<u>Total</u>
	<u>Fund</u>	<u>Fuel Tax</u>	<u>Financing</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 92,629	\$1,778,943	\$ 716,440	\$ 81,487	\$ 2,669,499
Restricted Investments	-	-	7,044,510	-	7,044,510
Certificates of Deposit	1,768,500	-	700,000	-	2,468,500
Investments	2,886,742	-	-	40,000	2,926,742
Receivables (Net of Allowances for Uncollectibles):					
Property Taxes	4,341,084	-	3,660,252	-	8,001,336
Intergovernmental	2,963,033	330,545	178,290	31,406	3,503,274
Other	646,160	4,473	9,211	-	659,844
Due from Other Funds	152,649	-	2,760	10,484	165,893
Prepaid Expenses and Deposits	138,053	-	-	-	138,053
Rental Real Estate Investment	-	-	2,667,631	-	2,667,631
General Real Estate Investment	-	-	1,274,022	-	1,274,022
Total Assets	<u>12,988,850</u>	<u>2,113,961</u>	<u>16,253,116</u>	<u>163,377</u>	<u>31,519,304</u>
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts Payable	709,812	1,720,412	762,818	5,446	3,198,488
Accrued Employee Obligations	550,182	-	-	-	550,182
Due to Other Funds	-	-	15,240	76,693	91,933
Other Accrued Obligations	20,000	-	2,760	-	22,760
Deferred Revenue	5,278,099	-	3,660,252	-	8,938,351
Total Liabilities	<u>6,558,093</u>	<u>1,720,412</u>	<u>4,441,070</u>	<u>82,139</u>	<u>12,801,714</u>
Fund Equity:					
Restricted for:					
Redevelopment	-	-	5,608,420	-	5,608,420
Debt Service	-	-	1,436,090	-	1,436,090
Unreserved:					
Undesignated	6,430,757	-	-	-	6,430,757
Designated for Redevelopment	-	-	4,767,536	-	4,767,536
Unreserved, Reported in:					
Special Revenue Funds	-	393,549	-	102,642	496,191
Capital Projects Funds	-	-	-	(21,404)	(21,404)
Total Fund Equity	<u>6,430,757</u>	<u>393,549</u>	<u>11,812,046</u>	<u>81,238</u>	<u>18,717,590</u>
Total Liabilities and Fund Equity	<u>\$ 12,988,850</u>	<u>\$2,113,961</u>	<u>\$ 16,253,116</u>	<u>\$ 163,377</u>	<u>\$ 31,519,304</u>

See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET ASSETS
YEAR ENDED APRIL 30, 2009

Amounts reported for governmental fund balances are different because:

Fund Balances - total governmental funds	\$ 18,717,590
Capital assets used in governmental activities are not financial resources and, therefore, are not reported on the balance sheet of the governmental funds.	30,309,520
Bond issuance costs, premiums discounts and similar items and the corresponding accumulated amortization are not reported on the balance sheet of governmental funds.	321,338
Rental Real Estate Investments are recorded as capital assets and depreciated and not maintained as investment real estate.	(2,667,631)
The amount of compensated absences is not recorded as a liability on the balance sheet of the governmental funds.	(2,823,565)
Long-term debt (e.g., bonds, notes payable, capital leases) is not reported as a liability on the balance sheet of the governmental funds.	(11,083,373)
Net pension obligations are not reported as a liability on the balance sheet of the governmental funds.	(7,419,538)
Accrued interest payable on the long-term debt is not reported as a liability on the balance sheet of the governmental funds.	(306,126)
The governmental funds report deferred revenue when reported assets are not available to pay current liabilities. The statement of activities eliminates deferred revenue related to state and local sales taxes.	937,015
Net assets of governmental activities	\$ 25,985,230

See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED APRIL 30, 2009

	<u>General</u> <u>Fund</u>	<u>Motor</u> <u>Fuel Tax</u> <u>Fund</u>	<u>Tax Increment</u> <u>Financing</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Revenues:					
Property Taxes	\$ 4,797,229	\$ -	\$ 3,512,491	\$ -	\$ 8,309,720
Intergovernmental:					
Home Rule Sales Tax	2,610,641	-	-	-	2,610,641
Sales and Use Tax	3,562,017	-	224,867	-	3,786,884
Replacement Tax	2,896,408	-	-	-	2,896,408
State Income Tax	2,375,304	-	-	-	2,375,304
Motor Fuel Tax	-	741,867	-	-	741,867
Telecommunications Tax	882,464	-	-	-	882,464
Grants	1,360,939	5,484,601	-	593,754	7,439,294
Other	115,659	-	-	-	115,659
Other Local Taxes	289,194	-	-	-	289,194
Licenses and Permits	606,975	-	-	-	606,975
Charges for Services	2,277,503	-	-	-	2,277,503
Fines and Forfeits	114,852	-	-	16,799	131,651
Investment Earnings	203,821	48,163	64,469	1,552	318,005
Miscellaneous	170,999	-	241,318	1,709	414,026
Total Revenues	<u>22,264,005</u>	<u>6,274,631</u>	<u>4,043,145</u>	<u>613,814</u>	<u>33,195,595</u>
Expenditures:					
Current:					
General Government	3,631,307	-	1,755,651	-	5,386,958
Public Safety	14,458,493	-	-	279,950	14,738,443
Public Works	5,310,761	643,177	153,672	309,326	6,416,936
Debt Service:					-
Bond Issuance Cost	-	-	124,219	-	124,219
Bond Discount	-	-	205,575	-	205,575
Principal	-	-	-	279,529	279,529
Interest	-	-	119,753	21,488	141,241
Capital Outlay	-	7,232,073	3,923,865	-	11,155,938
Total Expenditures	<u>23,400,561</u>	<u>7,875,250</u>	<u>6,282,735</u>	<u>890,293</u>	<u>38,448,839</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,136,556)</u>	<u>(1,600,619)</u>	<u>(2,239,590)</u>	<u>(276,479)</u>	<u>(5,253,244)</u>
Other Financing Sources (Uses):					
Proceeds From Borrowings	702,747	-	9,780,000	-	10,482,747
Operating Transfers In (Out)	(301,017)	-	-	301,017	-
Total Other Financing Sources (Uses)	<u>401,730</u>	<u>-</u>	<u>9,780,000</u>	<u>301,017</u>	<u>10,482,747</u>
Excess (Deficiency) of Revenue and Other Financing Source: Over Expenditures and Other Financing Use:	<u>(734,826)</u>	<u>(1,600,619)</u>	<u>7,540,410</u>	<u>24,538</u>	<u>5,229,503</u>
Fund Balance - Beginning	<u>7,165,583</u>	<u>1,994,168</u>	<u>4,271,636</u>	<u>56,700</u>	<u>13,488,087</u>
Fund Balance - Ending	<u>\$ 6,430,757</u>	<u>\$ 393,549</u>	<u>\$ 11,812,046</u>	<u>\$ 81,238</u>	<u>\$ 18,717,590</u>

See accompanying notes to the basic financial statement

CITY OF GRANITE CITY, ILLINOIS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED APRIL 30, 2009

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 5,229,503
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets for which funds were expended this year.	11,180,244
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore depreciation expense is not reported as an expenditure in the governmental funds.	(736,203)
The amount of compensated absences is not recorded as expense in the fund financial statements. In the statement of activities, these amounts are included and recorded currently in the various functional expense categories. This amount is the difference between beginning and ending compensated absences balance that has been included in the statement of activities.	(196,281)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt.	(9,881,880)
Interest accrued but not paid is not recorded as an expense until paid. This is the change in accrued interest payable between years.	(292,033)
Net pension obligations are reported in the government-wide statement of activities and changes in net assets, but do not require the use of current financial resources; therefore, net pension obligations are not reported as expenditures in governmental funds. This is the change in the net pension obligation between years.	(2,196,126)
Governmental funds do not recorded donated equipment as revenue. In the governmental wide statements of activities and changes in net assets, the value of thos assets are recorded as contributions. This is the amount of donated infrastructure capital assets recorded in the current period.	117,817
Capital assets disposed of during the year are reported on the government-wide statement of activities and changes in net asets, but their disposal does not required the use of current financial resources. Therefore, the cost of the item disposed of is not reported in the governmental funds.	(33,488)
The governmental funds report deferred revenue when reported assets are not available to pay current liabilities. The statement of activities eliminates deferred revenue related to state and local sales taxes. This is the difference of deferred revenue for the sales and use tax from the beginning and end of the year.	340,933
Change in net assets of governmental activities	<u>\$ 3,532,486</u>

See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS
STATEMENT OF NET ASSETS
PROPRIETARY FUND TYPES
APRIL 30, 2009

	<u>Business Type</u> <u>Activities</u>
	<u>Enterprise Fund</u> <u>Wastewater</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 784,000
Certificates of Deposit	2,445,560
Investments	1,095,952
Accounts Receivable (Net of Allowance for Uncollectibles)	-
Interest Receivable	1,124,921
Prepaid Expenses	11,098
Total Current Assets	69,910
	<u>5,531,441</u>
Noncurrent Assets:	
Capital Assets:	
Construction in Process	759,805
Building and Improvements	1,728,589
Treatment Facility and Lines	31,971,833
Vehicles and Equipment	1,835,665
Total	<u>36,295,892</u>
Less Accumulated Depreciation	(21,768,091)
Net Capital Assets	<u>14,527,801</u>
Total Assets	<u><u>20,059,242</u></u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	737,876
Accrued Vacation Leave	92,859
Due to Other Funds	73,960
Accrued Interest	25,602
Notes Payable	407,102
Total Current Liabilities	<u>1,337,399</u>
Noncurrent Liabilities:	
Accrued Sick Leave	193,966
Notes Payable	3,697,273
Total Noncurrent Liabilities	<u>3,891,239</u>
Total Liabilities	<u>5,228,638</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	8,463,168
Unrestricted	6,367,436
Total Net Assets	<u><u>\$ 14,830,604</u></u>

See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED APRIL 30, 2009

	<u>Business Type</u> <u>Activities</u>
	<u>Enterprise Fund</u> <u>Wastewater</u>
Operating Revenues:	
Charges for Services	\$ 5,617,256
Total Operating Revenues	<u>5,617,256</u>
Operating Expenses:	
Personal Services	2,645,967
Industrial Pretreatment	88,963
Billings and Collection	154,664
Sewer Collection	1,015,038
Solids Handling	631,522
BOD Treatment	350,953
Primary Treatment	45,958
General and Administration	170,983
Dry Weather Pumping	263,337
Wet Weather Pumping	187,203
Other	102,680
Depreciation	679,616
Total Operating Expenses	<u>6,336,884</u>
Operating Income (Loss)	<u>(719,628)</u>
Non-Operating Revenues (Expenses)	
Investment Earnings	93,313
Interest Expense and Fiscal Charges	<u>(115,602)</u>
Total Non-Operating Revenues (Expenses)	<u>(22,289)</u>
Change in Net Assets	(741,917)
Net Assets - Beginning	<u>15,572,521</u>
Net Assets - Ending	<u>\$ 14,830,604</u>

See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS
STATEMENT OF CASH FLOWS -
PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED APRIL 30, 2009

	<u>Business Type</u> <u>Activities</u>
	<u>Enterprise Fund</u> <u>Wastewater</u>
Cash Flows From Operating Activities:	
Cash Received from Users	\$ 5,814,456
Cash Paid to Suppliers for Goods and Services	(3,280,202)
Cash Paid to Employees for Services	(2,674,554)
Net Cash Provided By Operating Activities	<u>(140,300)</u>
Cash Flows From Capital and Related Financing Activities:	
Acquisition and Construction of Capital Assets	(1,739,047)
Principal Paid on Borrowings	(394,373)
Interest Paid on Borrowings	(121,044)
Net Cash (Used) by Capital and Related Financing Activities	<u>(2,254,464)</u>
Cash Flows From Investing Activities:	
Proceeds From (Acquisition of) Investments	2,132,859
Investment Earnings	104,455
Net Cash Provided By Investing Activities	<u>2,237,314</u>
Net Increase In Cash and Equivalents	(157,450)
Cash and Equivalents - Beginning	<u>941,450</u>
Cash and Equivalents - Ending	<u>\$ 784,000</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	\$ (719,628)
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:	
Depreciation	679,616
Allowance for Doubtful Accounts	230,216
Change in Assets and Liabilities:	
(Increase) in Accounts Receivable	(33,016)
(Increase) in Prepaid Expenses	(31,132)
Increase in Accounts Payable	(237,769)
Increase in Other Liabilities	<u>(28,587)</u>
Net Cash Provided By Operating Activities	<u>\$ (140,300)</u>

See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS - PENSION TRUST FUNDS
APRIL 30, 2009

ASSETS

Cash and Cash Equivalents	\$ 1,869,769
Investments	26,021,461
Receivables:	
Property Taxes	750,539
Accrued Interest	<u>147,258</u>
Total Assets	<u>28,789,027</u>

LIABILITIES

Liabilities	<u>-</u>
Total Liabilities	<u>-</u>

NET ASSETS

Held in Trust for Pension Benefits and Other Purposes	<u><u>\$ 28,789,027</u></u>
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See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS - PENSION TRUST FUNDS
APRIL 30, 2009

Additions:

Investment Earnings:

Investment Earnings	\$ (4,223,750)
Less: Investment Expense	<u>(100,535)</u>
Net Investment Earnings	(4,324,285)

Property Taxes	740,378
Replacement Taxes	989,339
Employee Contributions	<u>640,559</u>
Total Additions	<u>(1,954,009)</u>

Deductions:

Benefit Payments	4,171,904
Contractual Services	<u>29,059</u>
Total Deductions	<u>4,200,963</u>

Change in Net Assets	(6,154,972)
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Net Assets - Beginning	<u>34,943,999</u>
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Net Assets - Ending	<u><u>\$ 28,789,027</u></u>
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See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2009

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The City of Granite City, Illinois (the City) was incorporated March 9, 1896 under the provisions of "an act to provide for the incorporation of cities and villages". The City is a Home Rule Unit under the provision of Article 7 of the Illinois Constitution of 1970. The City operates under the aldermanic-city form of government and provides the following services as authorized by its charter: public improvements, planning and zoning, wastewater treatment and general administrative services.

The financial statements of the City of Granite City (government) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Financial Reporting Entity

The City's financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The City holds the corporate powers of the organization
- The City appoints a voting majority of the organization's board
- The City is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the City
- There is fiscal dependency by the organization on the City

Based on the aforementioned criteria, the City has no component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2009

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, intergovernmental taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized, when applicable, as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives cash.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Motor Fuel Tax Fund accounts for the taxes and reimbursements received and amounts paid related to motor fuel tax expenses.

The Tax Increment Financing Fund accounts for incremental taxes and other revenues as well as all expenses related to improvements and promotional costs related to the tax increment financing areas.

The government reports the following major proprietary fund:

The Wastewater Treatment Plant Enterprise Fund accounts for all activities related to the billing, administration, and distribution and collection processes of the wastewater treatment plant. The City operates the sewage treatment plant, sewage pumping stations and collection systems.

Additionally, the government reports the following fund type:

The Pension Trust Funds account for the activities of the police and firemen's pension funds, which accumulate resources for pension benefit payments to qualified public safety employees.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2009

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are reimbursements between funds for direct costs applicable to the other fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contribution, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap on fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposits and short-term investments with original maturities of three months or less. Short-term cash surpluses are generally maintained in sweep accounts in the individual funds.

The City is authorized by state statute to invest in obligations of the United States of America, insured interest bearing accounts of banks, savings and loan association or credit unions, certain short-term obligations of corporations organized in the United States, money market mutual funds that invest in obligations of the United State of America or its agencies or are guaranteed by the full faith and credit of the United States of America, the Illinois Funds and repurchase agreements of government securities. The Pension Trust Funds are also allowed to invest limited percentages of their monies in mutual funds and equity securities.

Fixed-income securities are recorded in all funds at fair value. Investment income is recognized as earned. Gains or losses on sales and exchanges of fixed-income securities are recognized on the transaction date.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal advances to other funds."

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2009

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

All intergovernmental and property tax receivables are shown net of an allowance for uncollectible amounts. All accounts receivable related to the enterprise fund are shown at net of an allowance for uncollectible accounts based on managements estimate of collectibility.

Unbilled sewer utility receivables related to the business-type activities are recorded at year-end. They are determined by taking cycle billings subsequent to April 30 and prorating the applicable number of days to the current fiscal year.

The City levied its property taxes in December 2008, based upon the expected assessed valuation as of the January 1, 2009. Property taxes are due in two installments in the following year, usually in June and August, and are considered delinquent after the due dates. Property taxes for 2008 become an enforceable lien in January 2009. The County has not mailed tax bills as of April 30, 2009 and past mailing practices of the County have generally been subsequent to April 30 of each year. The City receives significant distributions of tax receipts beginning in late June or early July of each year.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Investment in Real Estate

Through the use of tax increment financing, the City has purchased several parcels of land to be held for resale to developers or individuals in an effort to create future economic growth within the tax increment financing areas of the City.

In addition, the City has certain parcels of improved and unimproved real estate, which are rented to businesses within the tax increment financing areas.

Capital Assets

Capital assets, which include property, buildings, equipment and vehicles, are reported in the applicable governmental-type or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost and estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects when constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20 - 75
Treatment Facility	20 - 50
Equipment	5 - 18
Vehicles	5 - 10

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2009

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

Under terms of the various City ordinances and negotiated contracts, City employees are granted vacation based on continuous employment service. Employee vacations vest as of their anniversary date. Employees are entitled to sick leave based on completed months of service. The City's policies and negotiated contract provisions regarding sick leave permit employees to accumulate a maximum accumulation of sick leave, usually ninety days. The City cancels accumulated sick leave on the date of employee termination except in the case of qualified retirement or employee death wherein 50% of the accumulated sick leave is paid.

At April 30, 2009, the City estimated that the accumulated liability for unused vacation and sick leave for governmental fund employees totaled \$586,096 and \$2,237,469, respectively. Amounts reflected in the financial statements at April 30, 2009 for enterprise fund employees related to unused vacation and sick leave benefits totaled \$92,859 and \$193,966, respectively.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The City's policy is to first apply restricted resources and then unrestricted resources as expenses are incurred.

The following are descriptions and amounts of all reserves and designations recorded by the City in the fund financial statements:

Governmental Funds

Restricted for Debt Service	\$ 1,436,090
Restricted for Redevelopment	5,608,420
Designated for Redevelopment	4,767,539

Fiduciary Funds

Reserved for Employees' Pension Benefits	\$ 28,789,027
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Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenditures. Actual results could vary from estimates that were used.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2009

NOTE 2. BUDGETARY AND LEGAL COMPLIANCE

Each year the City Comptroller submits to the City Council a proposed operating budget for the General Fund and the Capital Projects Fund for the fiscal year commencing May 1. The operating budgets include proposed expenditures and the means of financing them. The budgets are legally enacted by ordinance after public hearings are held to obtain taxpayer comments. Annual budgets for Special Revenue Funds are not formally adopted by ordinance at the beginning of the fiscal year, but are approved throughout the fiscal year by formal resolution of the City Council or by City Council approval for the payment of expenditures. Operations in these funds are controlled by project budgets.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to July 31, the City Comptroller submits to the City Council a proposed operating budget for the General Fund and the Capital Projects Fund for the Fiscal year commencing May 1. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted to obtain taxpayer comments.
- Prior to August 1, the budget is legally enacted through passage of an ordinance.
- The City Comptroller is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
- Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds and the Capital Projects Fund. Formal budgetary integration is not employed for the Debt Service Fund because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.
- Budgets for all funds are adopted on the cash basis. For financial statement presentation, budgeted amounts are also presented on the cash basis.

The major differences between the budgetary and GAAP basis of accounting are:

- Revenues are recorded when received in cash (budgetary) as opposed to when they are measurable and available (GAAP).
- Expenditures are recorded when paid or when a liability has been incurred which has been budgeted to be paid with expendable financial resources (budgetary), as opposed to when the obligation is incurred (GAAP).

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

General Government and Business-Like Activities

At April 30, 2009, the carrying amount of the City's deposits was \$8,367,559 and the bank balance was \$9,307,915. The deposits were comprised of checking, interest checking, savings, money market and certificates of deposit.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City requires that all deposits be fully covered by FDIC insurance or collateralized with investments held by the financial institution in the City's name.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2009

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

As of April 30, 2009 the City had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
The Illinois Funds (external investment pool)	0.04	\$ 1,698,139
Federal National Mortgage Association	4.12	300,000
Federal Home Loan Bank	3.45	250,000
Federal National Mortgage Association - CITF	4.29	244,555
Repurchase Agreements	-	1,530,000
UMB Money Market	-	7,044,510
		<u>11,067,204</u>
Deposits as Reported Above		<u>8,367,559</u>
Total Deposits and Investments		<u>\$ 19,434,763</u>
As Reported in the Statement of Net Assets:		
Cash and Cash Equivalents		\$ 3,453,499
Certificates of Deposit		4,914,060
Restricted Investments		7,044,510
Investments		<u>4,022,694</u>
		<u>\$ 19,434,763</u>

Interest Rate Risk

The City's investment policy limits investment maturities in order to maintain sufficient liquidity to reflect the cash flow needs of the fund type being invested. The policy also requires diversification of the investment portfolio via length of maturity as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

As of April 30, 2009, the credit rating of the City's investment was as follows:

<u>Investment</u>	<u>Standard & Poor's Rating</u>	<u>Moody's Investors Service Rating</u>
The Illinois Funds (external investment pool)	AAAm	--
Federal National Mortgage Association	AAA	Aaa
Federal Home Loan Bank	AAA	Aaa

Concentration of Credit Risk

As of April 30, 2009, the City did not have a concentration of credit risk.

Foreign Currency Risk

As of April 30, 2009, the City did not have foreign currency risk.

Fire Pension Fund

At April 30, 2009, the carrying amount of the Fire Pension Fund's deposits was \$49,478 and the bank balance was \$53,223. The deposits were comprised of interest checking, money market and certificates of deposit.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Fire Pension's deposits may not be returned to it. The Fire Pension requires that all deposits be fully covered by FDIC insurance or collateralized with investments held by the financial institution in the Fire Pension Fund's name.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2009

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

As of April 30, 2009, the City's Fire Pension Fund had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
Federal Home Loan Bank	4.43	\$ 1,140,279
Federal Home Loan Mortgage Corporation	8.34	500,100
Federal National Mortgage Association	2.22	524,330
Government National Mortgage Association	22.06	3,843,505
U.S.V.A. REMIC	19.77	98,132
Federal Farm Credit Bank	6.51	1,394,884
Money Market Mutual Funds	--	2,061,319
Common Stock	--	4,457,752
Mutual Funds	--	917,347
		<u>14,937,648</u>
Deposits as Reported Above		<u>49,478</u>
Total Deposits and Investments		<u>\$ 14,987,126</u>

As Reported in the Combining Statement of Fiduciary Net Assets:

Cash and Cash Equivalents	\$ 1,395,250
Investments	<u>13,591,876</u>
	<u>\$ 14,987,126</u>

Interest Rate Risk

The Fire Pension Fund's investment policy limits investment maturities in order to maintain sufficient liquidity to reflect the cash flow needs of the fund type being invested. The policy also requires diversification of the investment portfolio via length of maturity as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

As of April 30, 2009, the Fire Pension Fund's investments credit ratings were as follows:

<u>Investment</u>	<u>Standard & Poor's Rating</u>	<u>Moody's Investors Service Rating</u>
Federal Home Loan Bank	AAA	Aaa
Federal National Mortgage Association	AAA	Aaa
Government National Mortgage Association	Not Available	Not Available
U.S.V.A. REMIC	Not Available	Not Available
Federal Farm Credit Bank	AAA	Aaa

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2009

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Concentration of Credit Risk

As of April 30, 2009, the Fire Pension Fund's investments are concentrated as follows:

<u>Investment</u>	<u>Percentage</u>
Government National Mortgage Association	25.65%
Federal Home Loan Bank	7.61%
Federal Farm Credit Bank	9.31%
Federal National Mortgage Association	3.52%
U.S.V.A. REMIC	0.60%

Foreign Currency Risk

As of April 30, 2009, the Fire Pension Fund did not have foreign currency risk.

Police Pension Fund

At April 30, 2009, the carrying amount of the Police Pension's deposits was \$61,484 and the bank balance was \$63,520. The deposits were comprised of checking and interest checking accounts.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Police Pension Fund's deposits may not be returned to it. The Police Pension Fund requires that all deposits be fully covered by FDIC insurance or collateralized with investments held by the financial institution in the Police Pension Fund's name.

As of April 30, 2009, the Police Pension Fund had the following investments:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Fair Value</u>
U.S. Treasury Inflation Index Note	8.06	\$ 301,911
U.S. Treasury Strip	4.69	674,414
U.S. Treasury Bond	5.60	1,026,750
Federal National Mortgage Association	6.73	543,868
Federal Home Loan Bank	6.43	1,520,963
Federal Farm Credit Bank	3.75	544,970
Government National Mortgage Association	5.31	2,433,071
Cook County, IL School District #155 - Municipal Bond	1.53	270,531
Tennessee Valley Authority	3.48	285,583
Schwab US Treasury Money Market	—	413,035
Mutual Funds	—	4,827,524
		<u>12,842,620</u>
Deposits as Reported Above		<u>61,484</u>
Total Deposits and Investments		<u>\$ 12,904,104</u>
As Reported in the Combining Statement of Fiduciary Net Assets:		
Cash and Cash Equivalents		\$ 474,519
Investments		<u>12,429,585</u>
		<u>\$ 12,904,104</u>

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2009

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued)

Interest Rate Risk

The Police Pension Fund's investment policy limits investment maturities in order to maintain sufficient liquidity to reflect the cash flow needs of the fund type being invested. The policy also requires diversification of the investment portfolio via length of maturity as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

As of April 30, 2009, the Police Pension Fund's investments credit ratings were as follows:

<u>Investment</u>	<u>Standard & Poor's Rating</u>	<u>Moody's Investors Service Rating</u>
The Illinois Funds (external investment pool)	AAAm	--
Cook County, IL School District #155 - Municipal Bond	--	Aa3
Federal National Mortgage Association	AAA/A	Aaa/Aa2
Federal Home Loan Bank	AAA	Aaa
Federal Farm Credit Bank	AAA	Aaa
Governmental National Mortgage Association	Not Available	Not Available

Concentration of Credit Risk

As of April 30, 2009, the Police Pension Fund's investments are concentrated as follows:

<u>Investment</u>	<u>Percentage</u>
Government National Mortgage Association	18.85%
U.S. Treasury Strips	5.23%
Federal Home Loan Bank	11.78%
U.S. Treasury Bonds	7.96%
U.S. Treasury Notes	2.33%
Federal National Mortgage Association	4.21%

Foreign Currency Risk

As of April 30, 2009, the Police Pension Fund did not have foreign currency risk.

NOTE 4. RECEIVABLES

Receivables as of April 30, 2009 for the City, as reported in the statement of net assets, including the applicable allowances for uncollectible accounts, are as follows:

Receivables:	
Sewer User Fees	\$ 1,433,545
Ambulance Fees	1,033,199
Real Estate Taxes	8,001,336
Intergovernmental	3,503,274
Other	100,878
Total Receivables	14,072,232
Allowance for Uncollectible Accounts	(771,759)
Net Total Receivables	<u>\$ 13,300,473</u>

Real estate taxes of \$8,001,336 were not available for collection and payment of current liabilities at April 30, 2009 and are reported as deferred revenues. The governmental financial statements reported an additional \$937,015 of intergovernmental revenue as deferred income at April 30, 2009.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2009

NOTE 5. RISK MANAGEMENT

The City began a self-insured workers' compensation program in 2001 by which the City pays claims from general revenues up to a certain amount at which point the City carries excess coverage. The liability for claims experienced as of April 30, 2009 that are to be paid in the subsequent year is \$686,505 and is included in accrued employee obligations.

The City is also exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions and natural disasters for which the City carries commercial insurance. There have been no significant reduction in coverage from the prior year and settlements have not exceeded coverage's in the past three years.

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS

1. Illinois Municipal Retirement Fund

Plan Description

The City's defined benefit pension plan for regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The City's employer plan is affiliated with the Illinois Municipal Retirement (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy

As set by statute, the City's employer regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer rate for calendar year 2008 was 8.38 percent of covered payroll. The City also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost

For 2008, the City's annual pension cost of \$491,977 for the regular plan was equal to the City's required and actual contributions.

Three-Year Trend Information for the Regular Plan

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u>	
		<u>APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
12/31/2008	\$ 491,977	100%	\$ -
12/31/2007	423,432	100%	-
12/31/2006	433,021	100%	-

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2009

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

The required contribution for 2008 was determined as part of the December 31, 2006, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions as December 31, 2006, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increase ranging from 0.4% to 11.6% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of your employer Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Township's regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2006, was 24 years.

Funded Status and Funding Progress

As of December 31, 2008, the most recent actuarial valuation date, the regular plan was 82.81 percent funded. The actuarial liability for benefits was \$16,190,503 and the actuarial value of assets was \$13,407,584, resulting in an underfunded actuarial liability (UAAL) of \$2,782,919. The covered payroll (annual payroll of active employees covered by the plan) was \$5,870,847 and the ratio of the UAAL to the covered payroll was 47 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

2. Police and Firemen Pension

a. Plan Description and Contributions Information

The Police Pension Plan covers police sworn personnel, which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contributions levels are governed by Illinois Compiled Statutes (Chapter 40, Act 5, Article 3) and may be amended only by the Illinois legislature.

The City accounts for the plan as a pension trust fund. The City's payroll for employees covered by the Police Pension Plan for the year ended April 30, 2009 was \$3,470,343 out of a total payroll of \$14,395,924.

At April 30, 2009, the Police Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	60
Current employees:	
Vested	39
Nonvested	<u>18</u>
Total	<u><u>117</u></u>

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2009

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive a monthly retirement benefit of one-half of the monthly salary attached to the rank held on the last day of service, or for one year prior to the last day, whichever is greater. The monthly pension shall be increased by one-twelfth of 2.5% of such salary for each additional month of service over 20 years up to 30 years to a maximum of 75% of such monthly salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit.

The monthly pension of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% annually thereafter.

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. By the year 2033, the City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is fully funded.

Fire-sworn the Firemen's Pension Plan covers personnel, which is defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and employee and employer contributions levels are mandated by Illinois Compiled Statutes (Chapter 40, Act 5, Article 4) and may be amended only by the Illinois legislature

The City accounts for the plan as a pension trust fund. The City's payroll for employees covered by the Firemen's Pension Plan for the year ended April 30, 2009 was \$3,607,304 out of total payroll of \$14,395,924.

At April 30, 2009, the Firemen's Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	61
Current Employees:	
Vested	28
Nonvested	<u>30</u>
Total	<u><u>119</u></u>

The following is a summary of the Firefighters' Pension Plan as provided for in the Illinois Compiled Statutes:

The Firemen's Pension Plan provides retirement benefits as well as death and disability benefits. Employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive a monthly retirement benefit of one-half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by one-twelfth of 2.5% of such monthly salary for each additional month over 20 years of service up to 30 years to a maximum of 75% of such monthly salary. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2009

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

The monthly pension of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% annually thereafter.

Covered employees are required to contribute 9.455% of their base salary to the Firemen's Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts (not less than 8.045%) necessary to finance the plan as actuarially determined by an enrolled actuary. By the year 2033, the City's contributions must accumulate to the point where the past service cost for the Firemen's Pension Plan is fully funded.

b. Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed.

Method Used to Value Investments

Fixed-income and equity securities are reported at fair value. Investment income is recognized as earned. Gains and losses on sales and exchanges of fixed-income securities are recognized on the transaction date.

c. Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation for the current year were as follows:

	<u>Police Pension</u>	<u>Firemen's Pension</u>
Annual Required Contribution	\$ 1,610,981	\$ 1,913,364
Interest on Net Pension Obligation	<u>183,677</u>	<u>181,962</u>
Annual Pension Cost	1,794,658	2,095,326
Contributions Made	<u>702,511</u>	<u>991,347</u>
 Increase in Net Pension Obligation	 1,092,147	 1,103,979
Net Pension Obligation Beginning of Year	<u>2,623,958</u>	<u>2,599,454</u>
 Net Pension Obligation End of Year	 <u>\$ 3,716,105</u>	 <u>\$ 3,703,433</u>

The annual required contribution for the current year was determined as part of the April 30, 2008 actuarial valuation using the entry age normal cost method. The actuarial assumptions included (a) 7.0% investment rate of return (net of administrative expenses) and (b) projected salary increases of 5.5% per year. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of assets was determined using market values. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at April 30, 2008 was, 25.1699 years.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2009

NOTE 6. RETIREMENT AND PENSION FUND COMMITMENTS (Continued)

Three-Year Trend Information

	<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
Police Pension	4/30/2009	\$ 1,794,658	39.14%	\$ 3,716,105
	4/30/2008	1,397,252	42.07%	\$ 2,623,958
	4/30/2007	1,303,754	48.89%	1,743,769
Fire Pension	4/30/2009	2,095,326	47.31%	3,703,433
	4/30/2008	1,589,692	55.07%	2,599,454
	4/30/2007	1,476,722	60.96%	1,827,695

d. Concentration

The City has a concentration of 5% or more investments in the following organizations:

Police Pension:

Oakmark Fund	\$ 845,327
Longleaf Partners	717,261
Federal Home Loan Bank	1,520,963
U.S. Treasury Strip	674,415
U.S. Treasury Bonds	1,026,749
Government National Mortgage Association	2,433,071

Fire Pension:

Bank of Edwardsville Money Market	1,345,772
UMB Large Cap Common Stock	4,069,369
UMB Equity Funds Small Cap	917,344
UMB World Wide Fund	1,103,930
Government National Mortgage Association	3,843,505
Federal Home Loan Bank	1,140,281
Federal Farm Credit Bank	1,394,884

e. Legally Required Reserves

The City has the following legally required reserves:

Police Pension	\$ 13,258,196
Firemen Pension	15,530,831

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2009

NOTE 7. WASTEWATER TREATMENT PLANT ENTERPRISE FUND

Regionalization of Wastewater Treatment Plant

Pursuant to an intergovernmental cooperation agreement originally agreed to in April 1984 between the City; the Metro East Sanitary District; Madison County, Illinois; and the Village of Glen Carbon, Illinois, the Wastewater Treatment Plant began to accept and treat wastewater from the Lansdown Service Area of the Metro East Sanitary District, Madison County Special Service Area No. 1, and from the Village of Glen Carbon, Illinois. The participants have agreed to purchase wastewater treatment services from the City at rates and charges established by the Granite City Regional Treatment Board. The rates and charges are intended to allocate the cost of services provided to each participant based on percentage of flow and wastewater content, which will reduce the City's operation cost burden. Total revenue earned by the Wastewater Treatment Plant Enterprise Fund from the three regional participants for the year ended April 30, 2009 was \$2,811,962.

NOTE 8. TRANSFERS

Transfers are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. Resources are accumulated in a fund to support and simplify the administration of various projects or programs.

NOTE 9. LINE ITEM EXPENDITURES IN EXCESS OF BUDGET

During the year ended April 30, 2009, the City's expenditures exceeded budgetary guidelines in several departmental and line item categories as indicated on the required supplementary schedules at pages 40 to 42.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2009

NOTE 10. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities</u>				
Capital Assets, not being Depreciated:				
Land	\$ 8,925,042	\$ 12,000	\$ (4,995)	\$ 8,932,047
Construction in Process	4,379,124	9,892,312	(1,446,860)	12,824,576
Total Capital Assets Not Being Depreciated	<u>13,304,166</u>	<u>9,904,312</u>	<u>(1,451,855)</u>	<u>21,756,623</u>
Capital Assets, being Depreciated:				
Buildings and Improvements	6,682,447	1,446,860	-	8,129,307
Equipment	5,583,661	834,600	(323,632)	6,094,629
Vehicles	4,544,169	559,149	(474,057)	4,629,261
Total Capital Assets being Depreciated	<u>16,810,277</u>	<u>2,840,609</u>	<u>(797,689)</u>	<u>18,853,197</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	2,700,362	195,719	-	2,896,081
Equipment	3,648,700	350,589	(323,632)	3,675,657
Vehicles	3,984,231	189,895	(445,564)	3,728,562
Total Accumulated Depreciation	<u>10,333,293</u>	<u>736,203</u>	<u>(769,196)</u>	<u>10,300,300</u>
Total Capital Assets being Depreciated, Net	<u>6,476,984</u>	<u>2,104,406</u>	<u>(28,493)</u>	<u>8,552,897</u>
Governmental Activities Capital Assets, Net	<u>\$ 19,781,150</u>	<u>\$ 12,008,718</u>	<u>\$ (1,480,348)</u>	<u>\$ 30,309,520</u>
<u>Business-Type Activities</u>				
Capital Assets:				
Construction in Process	\$ -	\$ 759,805	\$ -	\$ 759,805
Buildings	1,728,589	-	-	1,728,589
Treatment Facility	29,420,267	1,298,066	-	30,718,333
Equipment	1,573,456	292,821	-	1,866,277
Vehicles	1,222,889	-	-	1,222,889
Total Capital Assets	<u>33,945,201</u>	<u>2,350,692</u>	<u>-</u>	<u>36,295,893</u>
Less Accumulated Depreciation for:				
Buildings	1,631,614	8,099	-	1,639,713
Treatment Facility	17,018,955	556,786	-	17,575,741
Equipment	1,292,778	95,254	-	1,388,032
Vehicles	1,145,129	19,477	-	1,164,606
Total Accumulated Depreciation	<u>21,088,476</u>	<u>679,616</u>	<u>-</u>	<u>21,768,092</u>
Business-Type Activities Capital Assets, Net	<u>\$ 12,856,725</u>	<u>\$ 1,671,076</u>	<u>\$ -</u>	<u>\$ 14,527,801</u>

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2009

NOTE 10. CAPITAL ASSETS (Continued)

Depreciation expense was charge to the various functions/programs of the City as follows:

Governmental Activities:	
General Government	\$ 186,762
Public Safety	405,244
Public Works	144,197
Total Depreciation Expense - Governmental Activities	<u>\$ 736,203</u>
Business-Type Activities:	
Wastewater Treatment Plant	<u>\$ 679,616</u>

NOTE 11. LONG-TERM DEBT

The City was awarded a \$3,558,682 loan in July 1990 through the State of Illinois Environmental Protection Agency Water Pollution Control Revolving Fund. This loan financed a program of rehabilitation of Nameoki Area Sewers by means of cured-in-place linings inserted into sewer lines which were identified as being routinely below the water table and susceptible to infiltration and collapse. Payments are due semiannually on February 1 and August 1 through February 2012, including interest at 3.745%. The balance of the loan at April 30, 2009 is \$718,097.

The City was awarded a second loan of \$3,938,240 through the State of Illinois Environment Protection Agency Bureau of Water in August 2003. This loan financed the upgrade of the City's Regional Wastewater Treatment Facilities. Payments are due semiannually on January 27 and July 27 through January 2025, including interest at 2.50%. As of April 30, 2009, the balance outstanding on the loan was \$3,386,278.

The City entered into a lease purchase agreement with the Bank of Edwardsville for an ambulance in December 2007. The agreement was for \$97,500 and is to be repaid in 3 installments of \$32,500 plus interest at 4.74%. The balance of the loan at April 30, 2009 is \$32,500.

The City entered into a loan with the Illinois Department of Transportation (IDOT) to construct rail track in the new industrial park in May 1999. The loan of \$725,914 is to be repaid by twenty annual installments through May 24, 2019. The annual installments, including interest at 3.00%, are \$48,793. The balance of the loan at April 30, 2009 is \$451,462.

The City entered into a loan with Ford Motor Credit to purchase two police vehicles in January 2009. The loan of \$103,942 is to be repaid in three annual installments through January 2010. The annual installments, including interest at 5.60%, are \$36,551. The balance of the loan at April 30, 2009 is \$34,613.

The City entered into a loan with Ford Motor Credit to purchase a two police vehicles in October 2008. The loan of \$55,077 is to be repaid in three annual installments through October 2010. The annual installments, including interest at 7.05%, are \$19,491. The balance of the loan at April 30, 2009 is \$35,586.

The City entered into a loan with Ford Motor Credit to purchase two police vehicles January 2009. The loan of \$53,459 is to be repaid in three annual installments through January 2011. The annual installments, including interest at 7.05%, are \$19,046. The balance of the loan at April 30, 2009 is \$34,413.

The City entered into a loan with Madison County Community Development to purchase fire truck in December 2008. The loan of \$297,007 is to be repaid in five annual installments through December 2013. The annual installments, including interest at 3.00%, are \$64,853. The balance of the loan at April 30, 2009 is \$297,007.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2009

NOTE 11. LONG-TERM DEBT (Continued)

The City entered into a lease purchase agreement with Marquette Bank – Government Capital Corp to purchase a law enforcement computer system in June 2008. The loan of \$297,204 is to be repaid in five annual installments through July 2012. The annual installments, including interest at 5.0%, are \$65,372. The balance of the loan at April 30, 2009 is \$231,832.

The City entered into a lease purchase with Caterpillar Financial to purchase a paver, trailer and drum compactor for the Public Works Department in June 2006. The loan of \$318,208 is to be repaid in seven annual installments through June 2012. The annual installments, including interest at 5.385%, are \$52,914. The balance of the loan at April 30, 2009 is \$185,960.

The City issued Local Government Program Revenue Bonds in September 2008. The bonds, totaling \$9,780,000 are payable from the incremental taxes of the Downtown Tax Increment Financing District (TIF 1). The bonds bear interest of between 4.5% and 7.0% and mature in varying amounts from 2009 to 2022. The proceeds of the bond are to be used to finance redevelopment projects in the Downtown Tax Increment Financing District including renovations of the police and fire department, improvements to the youth center and YMCA and construction of a movie theater. The balance of the bonds at April 30, 2009 is \$9,780,000.

The annual requirements to retire the notes payable as of April 30, 2009 are as follows:

Fiscal Year Ended April 30	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 610,169	\$ 812,361	\$ 407,102	\$ 108,314
2011	552,834	668,260	420,258	95,157
2012	564,811	641,744	433,857	81,560
2013	618,270	614,382	190,225	69,897
2014	558,826	583,269	195,009	65,112
2015-2019	3,413,463	2,390,807	830,344	242,090
2020-2024	4,765,000	939,750	1,410,988	149,743
2025-2029	-	-	216,592	3,820
	<u>\$ 11,083,373</u>	<u>\$ 6,650,573</u>	<u>\$ 4,104,375</u>	<u>\$ 815,693</u>

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2009

NOTE 11. LONG-TERM DEBT (Continued)

The following is a summary of changes in long-term liabilities for the year ended April 30, 2009:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Government Activities:					
Bond and Notes Payable:					
Ford Motor Credit	\$ 137,026	\$ 108,536	\$ 140,950	\$ 104,612	\$ 68,482
IL Dept of Transportation	451,462	-	-	451,462	71,552
Caterpillar Financial	226,667	-	40,707	185,960	42,900
Bank of Edwardsville	65,000	-	32,500	32,500	32,500
Tax Increment Revenue					
Bonds Series 2008	-	9,780,000	-	9,780,000	285,000
Marquette Bank	-	297,204	65,372	231,832	53,792
Madison County	-	297,007	-	297,007	55,943
Total	<u>880,155</u>	<u>10,482,747</u>	<u>279,529</u>	<u>11,083,373</u>	<u>610,169</u>
Other Liabilities:					
Net Pension Obligation	5,223,412	2,196,126	-	7,419,538	-
Compensated Absences	<u>2,627,284</u>	<u>196,281</u>	<u>-</u>	<u>2,823,565</u>	<u>586,096</u>
Total Other Liabilities	<u>7,850,696</u>	<u>2,392,407</u>	<u>-</u>	<u>10,243,103</u>	<u>586,096</u>
Governmental Activities					
Long-Term Liabilities	<u>\$ 8,730,851</u>	<u>\$ 12,875,154</u>	<u>\$ 279,529</u>	<u>\$ 21,326,476</u>	<u>\$ 1,196,265</u>
Business-Type Activities:					
Notes Payable:					
IL EPA (1)	\$ 940,241	\$ -	\$ 222,144	\$ 718,097	\$ 230,541
IL EPA (2)	<u>3,558,507</u>	<u>-</u>	<u>172,229</u>	<u>3,386,278</u>	<u>176,561</u>
Total Notes Payable	<u>4,498,748</u>	<u>-</u>	<u>394,373</u>	<u>4,104,375</u>	<u>407,102</u>
Other Liabilities:					
Compensated Absences	<u>315,412</u>	<u>-</u>	<u>28,587</u>	<u>286,825</u>	<u>92,859</u>
Business-Type Activities					
Long-Term Liabilities	<u>\$ 4,814,160</u>	<u>\$ -</u>	<u>\$ 422,960</u>	<u>\$ 4,391,200</u>	<u>\$ 499,961</u>

NOTE 12. TAX INCREMENT FINANCING SPECIAL REVENUE FUND

On July 1, 1986, the City adopted and approved a Tax Increment Redevelopment Plan and Project and ordinances adopting Tax Increment Financing, aimed at financing, through incremental property and sales taxes, the public improvements of a plan to revitalize and develop a designated Redevelopment Project area in the City's Downtown Central Business District. On September 23, 1997, the City adopted and approved an Industrial Park Conservation Area Redevelopment Plan that also will use Tax Increment Financing to develop the project area along Route 3 as an industrial park. Four additional TIF Districts have also been formed that allows the incremental taxes to be returned to the business that generates the increment as a reimbursement for capital outlay until expiration of the TIF or a predetermined minimum dollar amount is reimbursed by the City.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2009

NOTE 12. TAX INCREMENT FINANCING SPECIAL REVENUE FUND (Continued)

In May of 2005, the Nameoki Village Tax Increment Financing District of the City issued a TIF Revenue Note, Series 2005 for \$700,000 and two Consumer Tax Revenue Notes, Series 2005 (Phase 1 for \$1,400,000 and Phase 2 for \$3,400,000). These notes were issued for the purpose of paying a portion of the costs of redevelopment projects in the Nameoki TIF and Business Districts. A portion, \$1,280,000, of the Consumer Tax Revenue Notes was retired by \$1,635,000 in Special Business District Sales Tax Revenue Bonds issued by the Southwestern Illinois Development Authority.

The TIF Revenue Note, Consumer Tax Revenue Notes and the Special Business District Sales Tax Revenue Bonds are payable solely from the incremental taxes or from other taxes generated by the development and are not an obligation of the City.

NOTE 13. CONDUIT DEBT OBLIGATIONS

During the year ended April 30, 2007, the City issued two Industrial Project Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. The bonds for the two projects are \$1,800,000 and \$2,650,000 respectively. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entities served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

During the year ended April 30, 2006, the City issued \$1,000,000 of Industrial Project Revenue Bonds to provide financial assistance to a private-sector entity for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, these bonds are also not reported as liabilities in the accompanying financial statements.

NOTE 14. DEFICIT NET ASSETS

The City has deficit net assets in the Capital Projects Fund as of April 30, 2009 of \$21,404.

NOTE 15. SUBSEQUENT EVENT

In May 2009, the City issued Local Government Program Revenue Bonds totaling \$3,640,000. The bonds are payable from the incremental taxes of TIF District #4, the Route 2 Corridor, bear interest of between 8.0% and mature in varying amounts from 2010 to 2022.

The proceeds of the bond are to be used to finance the 2008 TIF Project, which includes the acquisition of real and personal property, the construction of water and sewer improvements, the construction of street improvements together with all appurtenances, land or interests in land, professional, legal engineering, financial, banking advisory services and related costs.

In November 2008, the City entered into an agreement with the Illinois Environmental Protection Agency, to borrow up to \$1,560,939 for the rehabilitation of sanitary sewer lines and manholes within the City. The loan bears interest at 2.5% and is payable in semi annual installments through September 2029. As of April 30, 2009 the City had not drawn any funds from the loan.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO BASIC FINANCIAL STATEMENTS
APRIL 30, 2009

NOTE 16. COMMITMENTS

A commitment under a lease agreement for the wastewater treatment plant provides for minimum annual rental payments as follows:

<u>Year</u> <u>Ending</u> <u>April 30,</u>	<u>Land</u> <u>Facilities</u>
2010	\$ 5,525
2011	5,525
2012	5,525
2013	4,150
Total	<u>\$ 20,725</u>

NOTE 17. LEASE REVENUE

The City of Granite City leases certain properties to area businesses. These leases are non-cancelable operating leases. A summary of the leases is as follows:

<u>Location</u>	<u>Current</u> <u>Annual Payment</u>	<u>Expiration</u> <u>(Including Extensions)</u>
2679 Missouri Ave	\$ 12,000	November 2028
1801 State Street	5,220	December 2009
Iowa & 24th Street	3,900	September 2010
2001 Madison Avenue	226,600	January 2060
Signage	1,600	June 2011

Minimum rentals on non-cancelable leases for the next five years are as follows:

<u>Year</u>	<u>Amount</u>
2010	\$ 247,580
2011	241,825
2012	238,600
2013	238,600
2014	238,600
Total	<u>\$ 1,205,205</u>

CITY OF GRANITE CITY, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS) - GENERAL FUND
FOR THE YEAR ENDED APRIL 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Favorable (Unfavorable)</u>
Receipts:				
Taxes	\$ 18,239,216	\$ 18,239,216	\$ 17,913,808	\$ (325,408)
Intergovernmental Revenue (Grants)	1,543,500	1,543,500	630,218	(913,282)
Charges for Services	2,034,900	2,034,900	2,165,167	130,267
Licenses and Permits	1,120,096	1,120,096	606,975	(513,121)
Fines and Forfeits	216,200	216,200	114,852	(101,348)
Investment Earnings	261,200	261,200	203,821	(57,379)
Miscellaneous	69,075	69,075	170,999	101,924
Total Receipts	<u>23,484,187</u>	<u>23,484,187</u>	<u>21,805,840</u>	<u>(1,678,347)</u>
Disbursements				
Mayor	704,035	704,035	705,230	(1,195)
Alderman	141,284	141,284	132,876	8,408
Clerk	300,958	300,958	256,854	44,104
Treasurer	277,525	277,525	271,340	6,185
Informational Technology	261,915	261,915	255,922	5,993
Financial	2,434,200	2,434,200	2,200,267	233,933
Police	7,072,463	7,072,463	7,481,354	(408,891)
Fire	6,267,940	6,267,940	6,692,100	(424,160)
Public Works	4,003,191	4,003,191	4,169,174	(165,983)
Sanitation	-	-	5,284	(5,284)
Building & Zoning	1,025,035	1,025,035	984,352	40,683
Safety and Risk	132,705	132,705	135,098	(2,393)
Civil Defense	70,675	70,675	57,350	13,325
Summer Help	59,000	59,000	33,645	25,355
Capital Improvements	-	-	12,000	(12,000)
Total Disbursements	<u>22,750,926</u>	<u>22,750,926</u>	<u>23,392,846</u>	<u>(641,920)</u>
Excess of Receipts over Disbursements	<u>\$ 733,261</u>	<u>\$ 733,261</u>	<u>(1,587,006)</u>	<u>\$ (2,320,267)</u>
Change in Intergovernmental Revenue on Modified Accrual Basis			353,726	
Change in Prepaid Insurance			(173,380)	
Change in Accrued Employee Obligations			136,323	
Change in Accounts Payable on Modified Accrual Basis			<u>(436,283)</u>	
As Reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ (1,706,620)</u>	

CITY OF GRANITE CITY, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
MOTOR FUEL TAX FUND
FOR THE YEAR ENDED APRIL 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Favorable</u> <u>(Unfavorable)</u>
Receipts:				
Intergovernmental:				
Motor Fuel Tax	\$ 870,000	\$ 870,000	\$ 749,431	\$ (120,569)
Grants	5,000,000	5,000,000	7,122,796	2,122,796
Investment Earnings	12,000	12,000	45,265	33,265
Total Receipts	<u>5,882,000</u>	<u>5,882,000</u>	<u>7,917,492</u>	<u>\$ 2,035,492</u>
Disbursements				
Maintenance	220,000	220,000	576,524	(356,524)
Street Overlay Program	612,000	612,000	664,984	(52,984)
Engineering	50,000	50,000	20,517	29,483
Other Capital Projects	-	-	485,200	(485,200)
Pontoon Overpass	<u>5,000,000</u>	<u>5,000,000</u>	<u>4,903,195</u>	<u>96,805</u>
Total Disbursements	<u>5,882,000</u>	<u>5,882,000</u>	<u>6,650,420</u>	<u>(768,420)</u>
Excess (Deficit) of Receipts Over Disbursements	<u>\$ -</u>	<u>\$ -</u>	1,267,072	<u>\$ 1,267,072</u>
Change in Motor Fuel Tax Receivable on Modified Accrual Basis			(7,564)	
Change in Grant Receivable on Modified Accrual Basis			(1,638,195)	
Change in Interest Receivable			2,898	
Change in Accounts Payable on Modified Accrual Basis			<u>(1,224,830)</u>	
As Reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ (1,600,619)</u>	

CITY OF GRANITE CITY, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
TAX INCREMENT FINANCING FUND
FOR THE YEAR ENDED APRIL 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Favorable (Unfavorable)</u>
Receipts:				
Real Estate Taxes - Downtown	\$ 1,132,000	\$ 1,132,000	\$ 1,114,130	\$ (17,870)
Real Estate Taxes - GCS	877,200	877,200	910,397	33,197
Real Estate Taxes - AS	108,248	108,248	125,107	16,859
Real Estate Taxes - Rt 3	1,076,091	1,076,091	1,128,547	52,456
Real Estate Taxes - Nameoki	150,000	150,000	206,173	56,173
Real Estate Taxes - Port	-	-	27,715	27,715
Real Estate Taxes - Rt 203	3,000	3,000	422	(2,578)
Sales Taxes	118,765	118,765	116,606	(2,159)
Rent	229,100	229,100	226,600	(2,500)
Investment Earnings	109,000	109,000	63,484	(45,516)
Other	8,900	8,900	28,851	19,951
Total Receipts	<u>3,812,304</u>	<u>3,812,304</u>	<u>3,948,032</u>	<u>135,728</u>
Disbursements				
Downtown TIF	1,438,600	1,438,600	3,986,885	(2,548,285)
Granite City Steel TIF	877,200	877,200	910,079	(32,879)
American Steel TIF	108,248	108,248	108,248	-
Route 3 TIF	609,250	609,250	460,320	148,930
Nameoki Village TIF	268,765	268,765	140,460	128,305
Port District TIF	-	-	34,235	(34,235)
Route 203 TIF	-	-	119,879	(119,879)
Total Disbursements	<u>3,302,063</u>	<u>3,302,063</u>	<u>5,760,106</u>	<u>(2,458,043)</u>
Excess (Deficit) of Receipts Over Disbursements	<u>\$ 510,241</u>	<u>\$ 510,241</u>	<u>(1,812,074)</u>	<u>\$ (2,322,315)</u>
Change in Revenue on Modified Accrual Basis			29,226	
Change in Accounts Payable on Modified Accrual Basis			(155,618)	
Change in Real Estate Investment			<u>523,058</u>	
As Reported on the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ (1,415,408)</u>	

CITY OF GRANITE CITY, ILLINOIS
EMPLOYER NUMBER - 03353R
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FIRE AND POLICE PENSION
FUNDING PROGRESS
APRIL 30, 2009

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(a)</u>	<u>Actuarial Accrued</u> <u>Liability</u> <u>(AAL)</u> <u>-Entry Age</u> <u>(b)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(b-a)</u>	<u>Funded</u> <u>Ratio</u> <u>(a/b)</u>	<u>Covered</u> <u>Payroll</u> <u>(c.)</u>	<u>UAAL as a</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll</u> <u>((b-a)/c)</u>
Police Pension						
04/30/08	\$ 15,670,001	\$ 39,273,366	\$ 23,603,365	39.90%	\$ 3,328,974	709.03%
04/30/07	16,827,903	37,715,990	20,888,087	44.62%	2,961,777	705.26%
04/30/06	16,331,324	36,536,908	20,205,584	44.70%	2,741,223	737.10%
Fire Pension						
04/30/08	\$ 18,735,007	\$ 43,281,975	\$ 24,546,968	43.29%	\$ 3,493,965	702.55%
04/30/07	19,072,129	39,539,794	20,467,665	48.24%	3,126,964	654.55%
04/30/06	18,545,115	37,325,323	18,780,208	49.69%	2,924,371	642.20%

CITY OF GRANITE CITY, ILLINOIS
EMPLOYER NUMBER - 03353R
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF ILLINOIS MUNICIPAL RETIREMENT
FUNDING PROGRESS
APRIL 30, 2009

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(a)</u>	<u>Actuarial Accrued</u> <u>Liability</u> <u>(AAL)</u> <u>Entry Age</u> <u>(b)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(b-a)</u>	<u>Funded</u> <u>Ratio</u> <u>(a/b)</u>	<u>Covered</u> <u>Payroll</u> <u>(c.)</u>	<u>UAAL as a</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll</u> <u>((b-a)/c)</u>
12/31/08	\$ 13,407,584	\$ 16,190,503	\$ 2,782,919	82.81%	\$ 5,870,847	47.40%
12/31/07	16,217,347	15,472,923	(744,424)	104.81%	5,449,581	0.00%
12/31/06	15,553,820	15,465,360	(88,460)	100.57%	5,339,347	0.00%

CITY OF GRANITE CITY, ILLINOIS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
APRIL 30, 2009

	<u>Special Revenue Funds</u>				<u>Total</u>
	<u>Drug Traffic Prevention</u>	<u>Community Development</u>	<u>Total</u>	<u>Capital Projects</u>	<u>Debt Service</u>
					<u>Non-Major Governmental Funds</u>
Cash and Cash Equivalents	\$ 69,088	\$ -	\$ 69,088	\$ 12,399	\$ -
Investments	40,000	-	40,000	-	-
Receivables:					
Intergovernmental	-	31,406	31,406	-	-
Due From Other Funds	-	-	-	10,484	-
Total Assets	<u>\$ 109,088</u>	<u>\$ 31,406</u>	<u>\$ 140,494</u>	<u>\$ 22,883</u>	<u>\$ 163,377</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	5,446	-	5,446	-	-
Due to Other Funds	1,000	31,406	32,406	44,287	-
Total Liabilities	<u>6,446</u>	<u>31,406</u>	<u>37,852</u>	<u>44,287</u>	<u>82,139</u>
Fund Balances:					
Unreserved	102,642	-	102,642	(21,404)	-
Total Fund Balances	<u>102,642</u>	<u>-</u>	<u>102,642</u>	<u>(21,404)</u>	<u>81,238</u>
Total Liabilities and Fund Balances	<u>\$ 109,088</u>	<u>\$ 31,406</u>	<u>\$ 140,494</u>	<u>\$ 22,883</u>	<u>\$ 163,377</u>

CITY OF GRAFTON, ILLINOIS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED APRIL 30, 2009

	Special Revenue Funds				Capital Projects	Debt Service	Total Nonmajor Governmental Funds
	Drug Traffic Prevention	Community Development	Total				
Revenues:							
Intergovernmental	\$ 204,750	\$ 389,004	\$ 593,754	\$ -	\$ -	\$ -	\$ 593,754
Fines and Forfeitures	16,799	-	16,799	-	-	-	16,799
Investment Earnings	1,196	-	1,196	356	-	-	1,552
Miscellaneous	1,709	-	1,709	-	-	-	1,709
Total Revenues	224,454	389,004	613,458	356	-	-	613,814
Expenditures:							
Public Safety	200,272	79,678	279,950	-	-	-	279,950
Public Works	-	309,326	309,326	-	-	-	309,326
Debt Service	-	-	-	-	301,017	301,017	301,017
Total Expenditures	200,272	389,004	589,276	-	301,017	301,017	890,293
Revenues Over (Under) Expenditures	24,182	-	24,182	356	(301,017)	(301,017)	(276,479)
Other Financing Sources:							
Operating Transfer In	-	-	-	-	301,017	301,017	301,017
Total other Financing Sources	-	-	-	-	301,017	301,017	301,017
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing	24,182	-	24,182	356	-	-	24,538
Fund Balances - Beginning	78,460	-	78,460	(21,760)	-	-	56,700
Fund Balance - Ending	\$ 102,642	\$ -	\$ 102,642	\$ (21,404)	\$ -	\$ -	\$ 81,238

CITY OF GRANITE CITY, ILLINOIS
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 APRIL 30, 2009

		Pension Trust Funds		
		Police	Firemen	Total
ASSETS				
Cash and Cash Equivalents		\$ 474,519	\$ 1,395,250	\$ 1,869,769
Investments		12,429,585	13,591,876	26,021,461
Receivables:				
Property Taxes		280,409	470,130	750,539
Accrued Interest		73,683	73,575	147,258
Total Assets		<u>13,258,196</u>	<u>15,530,831</u>	<u>28,789,027</u>
LIABILITIES				
Liabilities		-	-	-
Total Liabilities		<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS				
Held in Trust for Pension Benefits and Other Purposes		<u>\$ 13,258,196</u>	<u>\$ 15,530,831</u>	<u>\$ 28,789,027</u>

CITY OF GRANITE CITY, ILLINOIS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2009

	<u>Pension Trust Funds</u>		<u>Total</u>
	<u>Police</u>	<u>Firemen</u>	
Additions			
Investment Earnings:			
Investment Earnings (Loss)	\$ (1,927,206)	\$ (2,296,544)	\$ (4,223,750)
Less: Investment Expense	(36,143)	(64,392)	(100,535)
Net Investment Earnings	(1,963,349)	(2,360,936)	(4,324,285)
Property Taxes	276,714	463,664	740,378
Replacement Taxes	439,206	550,133	989,339
Employee Contributions	308,896	331,663	640,559
Total Additions	(938,533)	(1,015,476)	(1,954,009)
Deductions:			
Benefit Payments	1,950,048	2,221,856	4,171,904
Contractual Services	14,466	14,593	29,059
Total Deductions	1,964,514	2,236,449	4,200,963
Change in Net Assets	(2,903,047)	(3,251,925)	(6,154,972)
Net Assets - Beginning	16,161,243	18,782,756	34,943,999
Net Assets - Ending	<u>\$ 13,258,196</u>	<u>\$ 15,530,831</u>	<u>\$ 28,789,027</u>

CITY OF GRANITE CITY, ILLINOIS
COMBINING BALANCE SHEET
TAX INCREMENT FINANCING FUNDS
APRIL 30, 2009

	TIF District #1	TIF District #2	TIF District #3	TIF District #4	TIF District #5	TIF District #6	TIF District #7	Total	TIF Debt Service	Total
<u>Assets</u>										
Cash	\$ (184,862)	\$ 125,107	\$ 318	\$ 1,621,882	\$ (855)	\$ 2,299	\$ (147,449)	\$ 1,416,440	\$ -	\$ 1,416,440
Restricted Investments	5,608,420	-	-	-	-	-	-	5,608,420	1,436,090	7,044,510
Receivables:										
Property Taxes	1,188,112	126,502	952,516	1,146,994	208,236	36,906	986	3,660,252	-	3,660,252
Intergovernmental Receivable	-	-	-	-	26,857	-	151,433	178,290	-	178,290
Development Loans	5,129	-	-	-	-	-	-	5,129	-	5,129
Accrued Interest	-	-	-	4,077	-	5	-	4,082	-	4,082
Due from Other Funds	-	-	-	-	2,760	-	-	2,760	-	2,760
Rental Real Estate Investment	2,667,631	-	-	-	-	-	-	2,667,631	-	2,667,631
General Real Estate Investment	1,197,135	-	-	-	-	-	-	1,274,022	-	1,274,022
Total Assets	10,481,565	251,609	952,834	2,849,840	236,998	39,210	4,970	14,817,026	1,436,090	16,253,116
<u>Liabilities and Fund Balance</u>										
Liabilities:										
Accounts Payable	751,325	-	-	1,486	-	-	10,007	762,818	-	762,818
Due to Other Funds	2,760	-	-	12,480	-	-	-	15,240	-	15,240
Due to Other Governments	-	-	-	-	2,760	-	-	2,760	-	2,760
Deferred Revenues:										
Property Taxes	1,188,112	126,502	952,516	1,146,994	208,236	36,906	986	3,660,252	-	3,660,252
Total Liabilities	1,942,197	126,502	952,516	1,160,960	210,996	36,906	10,993	4,441,070	-	4,441,070
Fund Balance:										
Restricted:										
Restricted for Debt Service	-	-	-	-	-	-	-	-	1,436,090	1,436,090
Restricted for Redevelopment	5,608,420	-	-	-	-	-	-	5,608,420	-	5,608,420
Unreserved:										
Designated for Redevelopment	2,930,948	125,107	318	1,688,880	26,002	2,304	(6,023)	4,767,536	-	4,767,536
Total Fund Balance	8,539,368	125,107	318	1,688,880	26,002	2,304	(6,023)	10,375,956	1,436,090	11,812,046
Total Liabilities and Fund Balance	\$ 10,481,565	\$ 251,609	\$ 952,834	\$ 2,849,840	\$ 236,998	\$ 39,210	\$ 4,970	\$ 14,817,026	\$ 1,436,090	\$ 16,253,116

CITY OF GRANITE CITY, ILLINOIS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES,
 TAX INCREMENT FINANCING FUNDS
 FOR THE FISCAL YEAR ENDED APRIL 30, 2009

	TIF District #1	TIF District #2	TIF District #3	TIF District #4	TIF District #5	TIF District #6	TIF District #7	Total	TIF Debt Service	Total
<u>Revenues:</u>										
Property Taxes	\$ 1,114,130	\$ 125,107	\$ 910,397	\$ 1,128,547	\$ 206,173	\$ 27,715	\$ 422	\$ 3,512,491	\$ -	\$ 3,512,491
Intergovernmental	-	-	-	-	114,307	-	110,560	224,867	-	224,867
Investment Earnings	26,581	-	-	39,688	829	423	(3,052)	64,469	-	64,469
Miscellaneous	226,318	-	-	15,000	-	-	-	241,318	-	241,318
Total Revenues	<u>1,367,029</u>	<u>125,107</u>	<u>910,397</u>	<u>1,183,235</u>	<u>321,309</u>	<u>28,138</u>	<u>107,930</u>	<u>4,043,145</u>	<u>-</u>	<u>4,043,145</u>
<u>Expenditures:</u>										
General Government	285,713	108,248	910,079	119,687	331,924	-	-	1,755,651	-	1,755,651
Public Works	153,672	-	-	-	-	-	-	153,672	-	153,672
Debt Service - Interest	-	-	-	-	-	-	-	-	119,753	119,753
Bond Issuance Costs	-	-	-	-	-	-	-	-	124,219	124,219
Bond Discount	-	-	-	-	-	-	-	-	205,575	205,575
Capital Outlay	3,778,998	-	-	-	-	34,235	110,632	3,923,865	-	3,923,865
Total Expenditures	<u>4,218,383</u>	<u>108,248</u>	<u>910,079</u>	<u>119,687</u>	<u>331,924</u>	<u>34,235</u>	<u>110,632</u>	<u>5,833,188</u>	<u>449,547</u>	<u>6,282,735</u>
Excess of Revenues over Expenditures	(2,851,354)	16,859	318	1,063,548	(10,615)	(6,097)	(2,702)	(1,790,043)	(449,547)	(2,239,590)
Other Financing Sources (Uses):										
Proceeds From Borrowings	9,780,000	-	-	-	-	-	-	9,780,000	-	9,780,000
Operating Transfers From (To) other Funds	(1,885,637)	-	-	-	-	-	-	(1,885,637)	1,885,637	-
Total Other Financing Sources (Uses)	<u>7,894,363</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,894,363</u>	<u>1,885,637</u>	<u>9,780,000</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	5,043,009	16,859	318	1,063,548	(10,615)	(6,097)	(2,702)	6,104,320	1,436,090	7,540,410
Fund Balance - Beginning	3,496,359	108,248	-	625,332	36,617	8,401	(3,321)	4,271,636	-	4,271,636
Fund Balance (Deficit) - Ending	<u>\$ 8,539,368</u>	<u>\$ 125,107</u>	<u>\$ 318</u>	<u>\$ 1,688,880</u>	<u>\$ 26,002</u>	<u>\$ 2,304</u>	<u>\$ (6,023)</u>	<u>\$ 10,375,956</u>	<u>\$ 1,436,090</u>	<u>\$ 11,812,046</u>

Hughes & Associates

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH TAX INCREMENT FINANCING ACT

To the Honorable Mayor and
City Council of the City of
Granite City, Illinois

We have audited the basic financial statements of the City of Granite City, Illinois for the year ended April 30, 2009, and have issued our report thereon dated December 17, 2009. The financial statements are the responsibility of the City of Granite City, Illinois' management. Our responsibility is to express an opinion on the financial statements based on our audit.

Our audit was made in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The management of the City of Granite City, Illinois is responsible for the government's compliance with laws and regulations. In connection with our audit, referred to above, we selected and tested transactions and records to determine the government's compliance with State of Illinois Public Act 85-1142, "An Act in Relation to Tax Increment Financing".

The results of our tests indicate that for the items tested, the City of Granite City, Illinois, complied with Subsection (q) of Section 11-74.4-3 of Public Act 85-1142. Nothing came to our attention that caused us to believe that, for the items not tested, the City of Granite City, Illinois was not in compliance with Subsection (q) of Section 11-74.4-3 of Public Act 85-1142.

This report is intended solely for the information and use of management, others within the organization, the City Council and the Illinois Department of Revenue and is not intended to be and should not be used by anyone other than these specified parties.

Hughes & Associates, CPA, P.C.

Hughes & Associates, CPA, P.C.
December 17, 2009

Hughes & Associates

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and
City Council of the City of
Granite City, Illinois

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Granite City, Illinois, as of and for the year ended April 30, 2009, which collectively comprise the City of Granite City, Illinois' basic financial statements and have issued our report thereon dated December 17, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Granite City, Illinois' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the City of Granite City, Illinois' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Granite City, Illinois' internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Granite City, Illinois' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Granite City, Illinois' financial statements that is more than inconsequential will not be prevented or detected by the City of Granite City, Illinois' internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Granite City, Illinois' internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Granite City, Illinois' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the City of Granite City, Illinois in a separate letter dated December 17, 2009.

This report is intended solely for the information and use of the Village Council, the Mayor, the management and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Hughes & Associates, CPA, P.C.

Hughes & Associates, CPA, P.C.
Godfrey, Illinois
December 17, 2009

Hughes & Associates

Certified Public Accountants, P.C.

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Honorable Mayor and
City Council of the City of
Granite City, Illinois

Compliance

We have audited the compliance of the City of Granite City, Illinois, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended April 30, 2009. The City of Granite City, Illinois' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the City of Granite City, Illinois' management. Our responsibility is to express an opinion on the City of Granite City, Illinois' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those Standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Granite City, Illinois' compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Granite City, Illinois' compliance with those requirements.

In our opinion, the City of Granite City, Illinois, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended April 30, 2009.

Internal Control Over Compliance

The management of the City of Granite City, Illinois, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Granite City, Illinois' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level of risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the City Council, the Mayor, management and federal awarding agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

Hughes & Associates, CPA, P.C.

Hughes & Associates, CPA, P.C.
Godfrey, Illinois
December 17, 2009

CITY OF GRANITE CITY, ILLINOIS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED APRIL 30, 2009

<u>Federal Grantor and Program Title</u>	<u>Federal CFDA Number</u>	<u>Agreement Number</u>	<u>Pass-Through Grantor Number</u>	<u>Federal Expenditures</u>
<u>Department of Commerce</u>				
Pass-through Program From				
St. Clair County Emergency Telephone System Board				
Public Safety Interoperable Communications				
Grant Program	11.555		N/A	\$ 241,827
Total Department of Commerce Pass-through Programs				<u>241,827</u>
<u>Department of Justice</u>				
Direct Programs:				
Equitable Sharing of Federally Forfeited Property	16.XXX	N/A		<u>100,067</u>
Total Department of Justice Direct Programs				<u>100,067</u>
<u>Department of Homeland Security</u>				
Direct Programs:				
Assistance to Firefighters Grant (SAFER)	97.044	EMW-2006-FF-04605		<u>90,045</u>
Total Direct Programs				<u>90,045</u>
Pass-through Program From				
Illinois Emergency Management Agency				
Disaster Grants - Public Assistance	97.036		1771-119-03926-00	347,278
Emergency Management Performance Grants	97.042	N/A		<u>11,789</u>
Total Pass-through Programs				<u>359,067</u>
Total Department of Homeland Security				<u>449,112</u>
Total Expenditures of Federal Awards				<u>\$ 791,006</u>

See accompanying notes to the basic financial statements.

CITY OF GRANITE CITY, ILLINOIS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED APRIL 30, 2009

NOTE 1. BASIS OF PRESENTATION

General

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Granite City, Illinois and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Noncash Assistance, Federal Insurance and Loans/Loan Guarantees

The City did not receive any noncash assistance, federal guaranteed loans or federal insurance for any of its programs for the year ended April 30, 2009.

NOTE 2. INSURANCE

The City of Granite City had no insurance specifically required by federal awards.

NOTE 3. SUBRECIPIENTS

The City did not pass through any federal funds to subrecipients during the year ended April 30, 2009.

CITY OF GRANITE CITY, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
APRIL 30, 2009

1. SUMMARY OF AUDITOR'S RESULTS

- a. The auditor's report expresses an unqualified opinion on the financial statements of the City.
- b. No reportable conditions in internal control were disclosed by the audit of the financial statements of the City.
- c. No instances of noncompliance material to the financial statement of the City were disclosed during the audit.
- d. No reportable conditions in internal control over major federal award programs were disclosed during the audit of the financial statements of the City.
- e. The auditor's report on compliance for the major federal award programs for the City expresses an unqualified opinion on all major federal programs.
- f. The audit did not disclose any audit findings that are required to be reported under Section .510(a) of OMB Circular A-133.
- g. The City's program tested as a major program is the Disaster Grant – Public Assistance – CFDA #97.036.
- h. The threshold for distinguishing between Type A and Type B programs was \$300,000.
- i. The City does not qualify as a low-risk auditee under Section .530 of OMB Circular A-133.

2. FINDINGS – FINANCIAL STATEMENTS AUDIT

The City has no findings to the financial statements that are required to be reported in accordance with Generally Accepted Government Auditing Standards.

3. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

The City has no findings or questioned costs for Federal award programs.